

**PEGATRON**



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## **2017 Third Quarter Business Review**

November 9, 2017

- Financial Results
- Business Highlight

- Pegatron's statements of its current expectations are forward looking statements subject to significant risks and uncertainties and actual results may differ materially from those contained in the forward-looking statements.
- Except as required by law, we undertake no obligation to update any forward-looking statement, whether as a result of new information, future events, or otherwise.

**3Q2017 Consolidated Financial Result**

## Consolidated Income Statements

<i>(NT\$ Mn)</i>	1Q~3Q 2017		1Q~3Q 2016		YoY
Net Revenue	816,248	100%	797,226	100%	2.4%
COGS	781,625	95.8%	751,289	94.2%	4.0%
Gross Profit	34,623	4.2%	45,937	5.8%	-24.6%
Operating Expense	20,272	2.5%	22,550	2.8%	-10.1%
Operating Income (Loss)	14,351	1.8%	23,387	2.9%	-38.6%
Net Non-Operating Income (Loss)	565	0.1%	(3,302)	-0.4%	-117.1%
FX Gain (Loss)	(1,180)	-0.1%	(3,881)	-0.5%	-69.6%
Others	1,745	0.2%	579	0.1%	201.4%
PBT	14,916	1.8%	20,085	2.5%	-25.7%
Tax	(2,876)	0.4%	(4,587)	0.6%	-37.3%
Net Income	12,040	1.5%	15,498	1.9%	-22.3%
Net Income Attributable to the Parent	10,958	1.3%	13,474	1.7%	-18.7%
EPS	4.24		5.22		-18.8%

## Consolidated Income Statements (Quarter-over-Quarter)

<i>(NT\$ Mn)</i>	3Q 2017		2Q 2017		QoQ	3Q 2016		YoY
Net Revenue	336,868	100%	240,380	100%	40.1%	316,193	100%	6.5%
COGS	325,311	96.6%	229,276	95.4%	41.9%	301,089	95.2%	8.0%
Gross Profit	11,557	3.4%	11,104	4.6%	4.1%	15,104	4.8%	-23.5%
Operating Expense	7,169	2.1%	6,718	2.8%	6.7%	7,289	2.3%	-1.6%
Operating Income (Loss)	4,388	1.3%	4,386	1.8%	0.0%	7,815	2.5%	-43.9%
Net Non-Operating Income (Loss)	555	0.2%	479	0.2%	15.9%	(1,209)	-0.4%	-145.9%
FX Gain (Loss)	(33)	0.0%	134	0.1%	-124.6%	(1,700)	-0.5%	-98.1%
Others	588	0.2%	345	0.1%	70.4%	491	0.2%	19.8%
PBT	4,943	1.5%	4,865	2.0%	1.6%	6,606	2.1%	-25.2%
Tax	(742)	0.2%	(1,179)	0.5%	-37.1%	(599)	0.2%	23.9%
Net Income	4,201	1.2%	3,686	1.5%	14.0%	6,007	1.9%	-30.1%
Net Income Attributable to the Parent	3,639	1.1%	3,437	1.4%	5.9%	5,380	1.7%	-32.4%
EPS	1.40		1.34		4.5%	2.09		-33.0%

## Consolidated Balance Sheet

<i>(NT\$ Mn)</i>	3Q2017	2Q2017	QoQ	3Q2016	YoY
Cash and Equivalents	113,809	122,809	(9,000)	97,375	16,434
AR (Net)	191,989	79,166	112,823	139,304	52,685
Inventory (Net)	140,429	92,505	47,924	122,013	18,416
Other Current Assets	13,446	47,098	(33,652)	53,907	(40,461)
Fixed Assets (Net)	74,848	68,797	6,051	65,980	8,868
<b>Total Assets</b>	<b>551,273</b>	<b>425,240</b>	<b>126,033</b>	<b>491,527</b>	<b>59,746</b>
AP	240,965	139,812	101,153	203,698	37,267
<b>Total Current Liabilities</b>	<b>357,046</b>	<b>244,705</b>	<b>112,341</b>	<b>302,171</b>	<b>54,875</b>
<b>Total Liabilities</b>	<b>374,780</b>	<b>253,969</b>	<b>120,811</b>	<b>315,598</b>	<b>59,182</b>
<b>Total Equity</b>	<b>176,493</b>	<b>171,271</b>	<b>5,222</b>	<b>175,929</b>	<b>564</b>
<b>Total Liabilities and Equity</b>	<b>551,273</b>	<b>425,240</b>	<b>126,033</b>	<b>491,527</b>	<b>59,746</b>
Current Ratio	129%	140%	-	137%	-
Debt Ratio (TTL Liabilities / TTL Assets)	68%	60%	-	64%	-
Interest-bearing Debt Ratio	12%	11%	-	12%	-

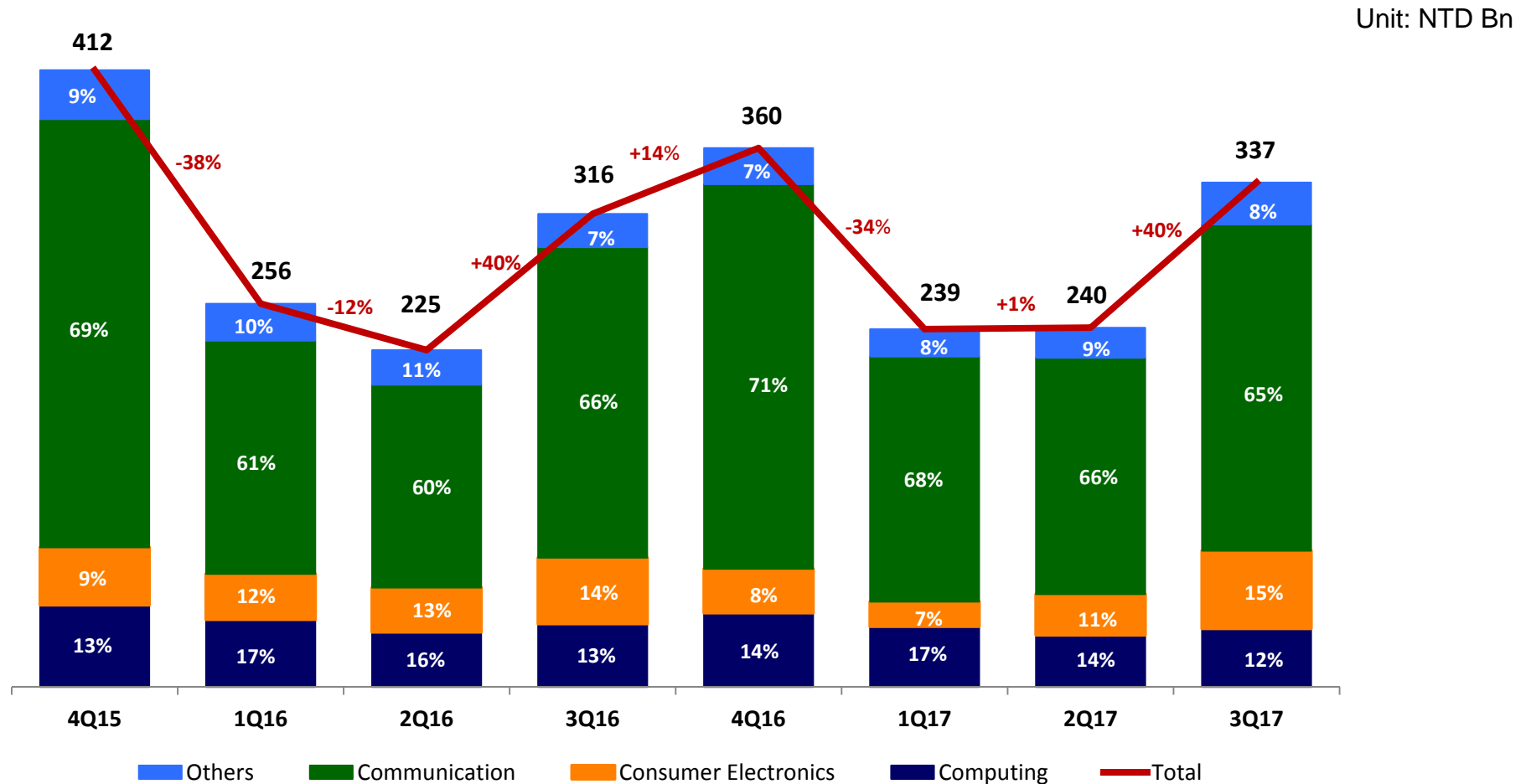
## Consolidated Cash Flows Statement

<i>(NT\$ Mn)</i>	<u>1Q~3Q 2017</u>	<u>1Q~3Q 2016</u>
Cash Flows from Operating Activities:	5,746	34,214
Cash Flows from Investing Activities:	(21,457)	(16,081)
Cash Flows from Financing Activities:	23,942	(19,131)
Impact from Changes in FX Rate	(3,135)	(4,188)
Net Increase in Cash	5,096	(5,186)
Cash, beginning of the period	108,713	102,561
Cash, end of the period	113,809	97,375
<i>Note:</i>	<u>1Q~3Q 2017</u>	<u>1Q~3Q 2016</u>
Depreciation and amortization	9,513	9,824



**Business Highlight**

## Consolidated Revenue Trend

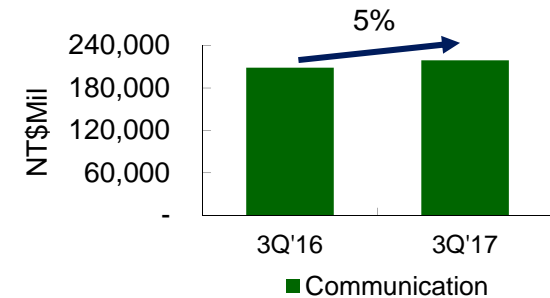
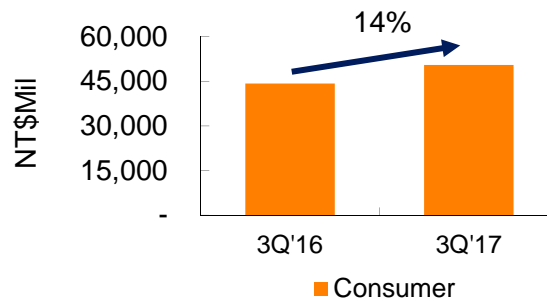
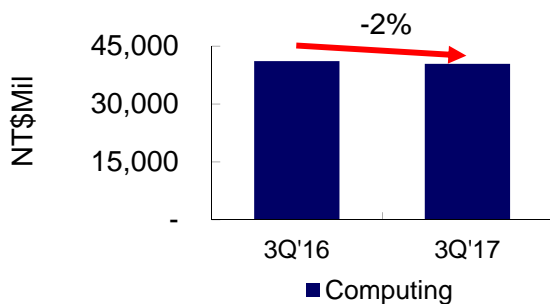
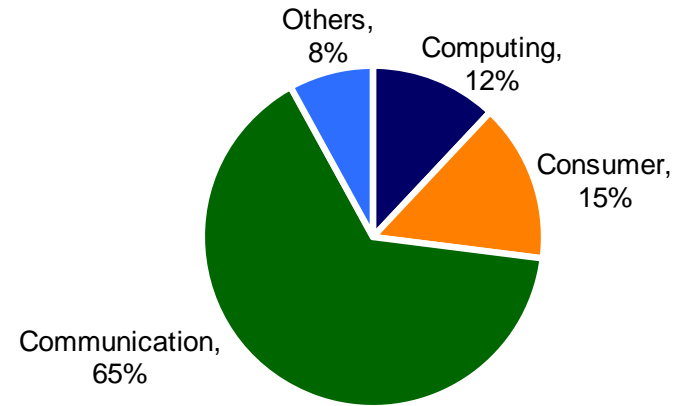
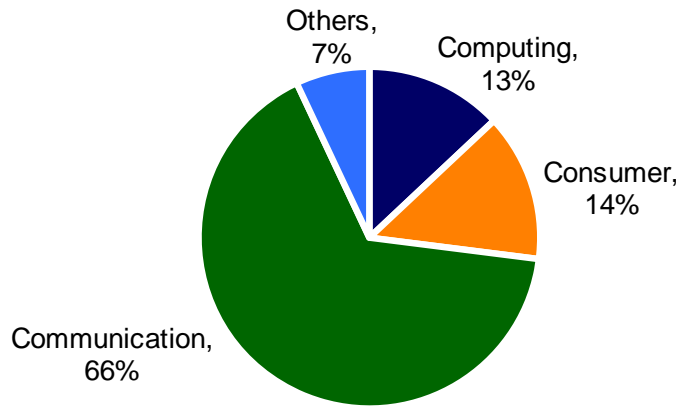


Consolidated revenue totaled NT\$337Bn in 3Q2017, increased by 40% QoQ from NT\$240Bn in the previous quarter. The growth was mainly driven by new product launch in Communication segment coupling with seasonal effect in Consumer Electronics and Computing segments.

## Revenue Breakdowns by Products (Year-over-Year)

3Q2016

3Q2017

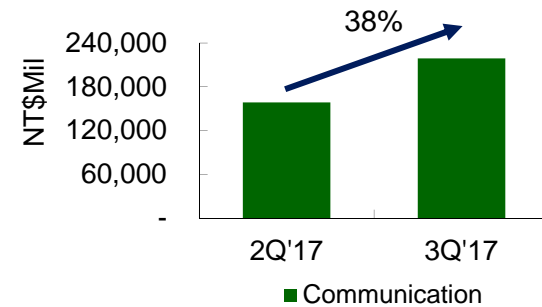
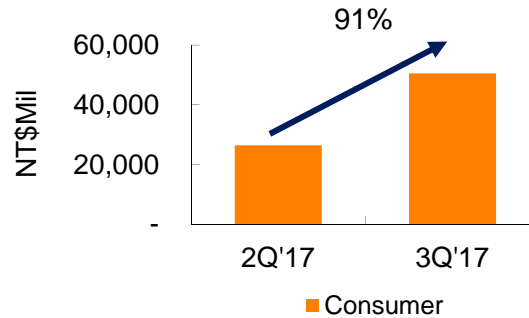
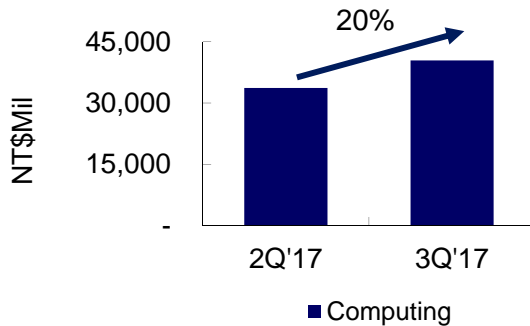
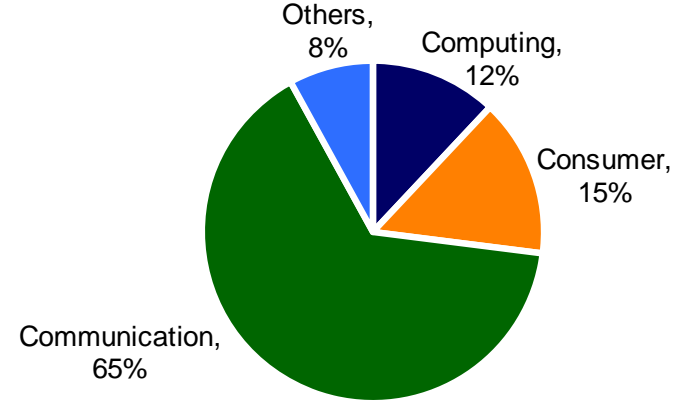
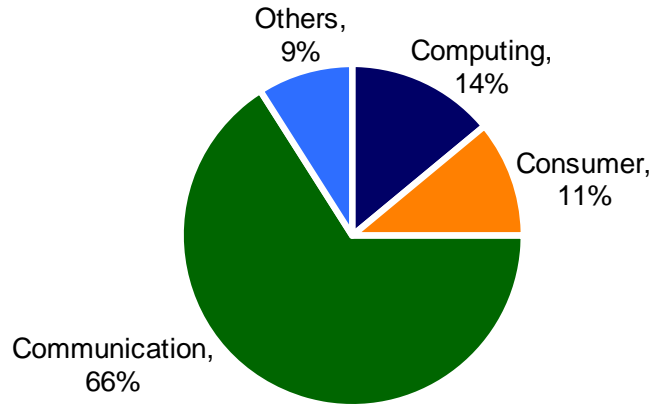


Benefitting from broader customer base, revenue from Consumer Electronics segment grew by 14% YoY and revenue contribution increased to 15% from 14% in a-year-ago quarter. Reflecting better volume in communication products, revenue from Communication segment grew slightly by 5% YoY, while revenue from Computing segment declined slightly by 2% YoY.

## Revenue Breakdowns (Quarter-over-Quarter)

2Q2017

3Q2017



Entering peak season, revenue throughout three product segments grew by double digits QoQ.

## Q & A